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VIA OVERNIGHT MAIL

Minerals Management Service
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Subject: Comments on Proposed Rule
Oil and Gas and Sulphur Operations on the Outer Continental Shelf (OCS) –
Suspension of Operations (SOO's) for Ultra-deep Drilling – AD09

Shell Exploration & Production Company (Shell) appreciates the opportunity to provide comments on the subject Notice of Proposed Rulemaking. Shell is currently drilling one ultra-deep well and holds other leases with ultra-deep opportunities. Therefore we are pleased that MMS is proposing regulations that will further encourage development of ultra-deep plays which are technically challenging, very expensive, and take significant time to mature.

The proposed rule is well organized and easy to read and understand. For further clarification, we would suggest two additions that addresses activities where the lessee or operator demonstrates that additional time is necessary. The following additions are proposed to 250.175 (4):

(iv) Properly design and plan the ultra-deep well.

Justification: These ultra-deep high temperature, high pressure wells are typically very technically challenging and often include extensive work efforts to ensure the well will be drilled in a way that maximizes the probability of success.

(v) Acquire a suitable drilling rig.

Justification: Currently, there are only four drilling rigs that are capable and configured to drill such wells in the Gulf of Mexico. An operator could very likely experience delays if the rigs are being utilized by other operators.

We believe that both of these areas are legitimate reasons for requesting additional time for justifying an SOO when drilling ultra-deep wells.

Shell believes that the proposed regulation along with the clarifying additions mentioned above would indeed encourage and allow for more drilling of ultra-deep wells. However, as is the case with complex wells of this nature, additional lease suspensions will likely be required after the well is drilled. An SOP applies only when there is a commitment to produce proven reserves. If hydrocarbons are found in an ultra-deep well, extensive evaluation and testing can be required that can easily extend beyond 180 days

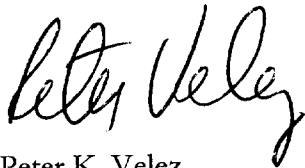
allowed without any physical activity. Testing will likely be required of deep hydrocarbons to prove deliverability of rates to substantiate reserves. These wells cannot be safely tested using conventional testing procedures such as current DST or OVT methodology. With current technology, the only way to safely test these wells will be with certain aspects of the completion equipment already installed. The testing of ultra-deep wells in high pressure, high temperature environments would include the design, procurement and fabrication of equipment that is not available today. This equipment may include 30,000 psig trees and specially designed tubulars and connectors that are still in the design phase in the industry. Once hydrocarbons are discovered, it may take 2 to 3 years to successfully and safely complete adequate testing which could then justify a commitment to develop an ultra-deep field.

It is Shell's belief that the time needed for evaluation and deliverability testing as described above is absolutely critical for successful exploitation of ultra-deep reserves. Therefore we hope that MMS will consider the above comments and suggestions when finalizing the proposed SOO regulations.

Shell appreciates the opportunity to comment on this proposed rule. If you have any questions or need to discuss our comments, please contact me or Phil Smith at (504) 728-4252.

Kind regards

Shell Exploration & Production Company

A handwritten signature in black ink, appearing to read "Peter Velez", written in a cursive style.

Peter K. Velez

Manager, Regulatory Affairs and Incident Command